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Mayors of California's Big Cities Meet with Governor on Budgets

***Mayor Gonzales, six other mayors hold first face-to-face
session with Governor Schwarzenegger***

San José ---- San José Mayor Ron Gonzales joined the mayors of six of California's biggest cities in a face-to-face meeting with Governor Arnold Schwarzenegger to discuss the severe impact on cities that would result from the loss of nearly \$4 billion in local government funding from vehicle license fees.

"Unless the Governor and Legislature replace vehicle license fees with other funding, San José and every city in the state face catastrophic cuts to basic services this year," said Gonzales.

"We support new legislation proposed by Senator Jim Brulte that would provide backfill funding to cities that would help us avoid drastic reductions to essential services like police, fire, parks and libraries that our residents depend on."

The session with the Governor was the first he has held with the mayors as a group. In addition to Gonzales, the group included Los Angeles Mayor James Hahn, San Diego Mayor Dick Murphy, Anaheim Mayor Curt Pringle, Sacramento Mayor Heather Fargo, Long Beach Mayor Beverly O'Neill, and Santa Ana Mayor Miguel Pulido.

As a result of the meeting the Governor agreed to meet regularly with California's big city mayors in the future to discuss budgets and other issues important to cities and the state. The mayors agreed to review his request for support for his proposed bond and spending cap ballot measures.

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“We emphasized to the Governor that California’s economic recovery begins in the state’s cities,” said Gonzales. “We must work together to ensure that we can support the ability of employers in our cities to prosper, create jobs, and generate the revenue that pays for keeping our residents safe, teaching our children, and building strong neighborhoods.

“If cities can’t deliver the services that make this possible because the state takes away funding that was committed to us, we won’t be able to help California’s economy recover as fast.”

Schwarzenegger rescinded the restoration of the vehicle license fee as one of his first acts upon becoming governor. The VLF was reduced by 67 percent in 1998 by former Governor Pete Wilson and the California Legislature when the state was running budget surpluses.

The fee was restored to its traditional levels in July when the state government could no longer meet its legal commitment to provide backfill funding to cities and counties.

Unless backfilled by other sources, San José will lose approximately \$37 million from its current year General Fund budget. This would be on top of the \$90 million gap the City already had to close this year because of previous state budget actions and the prolonged Silicon Valley recession that has reduced local government revenues.

San José budget forecasts for next fiscal year already show the need to close another \$85 million gap, without consideration of the loss of VLF revenue.

The San José General Fund budget covers the cost of basic public services, including police, fire, libraries, and parks and recreation. The current total General Fund operating budget totals \$570 million. Individual department budgets providing basic services are:

- Fire department -- \$110 million
- Libraries -- \$24 million
- Parks and recreation -- \$60 million
- Police department -- \$218 million

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